

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 SS-15 L-03
NSC-05 /051 W
-----069505 180153Z /72

R 171645Z AUG 77

FM AMEMBASS BRASILIA

TO SECSTATE WASHDC 3301

INFO AMCONSUL RIO DE JANEIRO

AMCONSOL SAO PAULO

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EO 11652 NA

TAGS EAIR BR

SUBJECT: PANAM DISCRIMINATION CASE - THE LATEST ROUND

REF: A) BRASILIA 5031, B) BRASILIA 4350

ROLLING MESSAGE PREPARED BY AMCONSUL RIO DE JANEIRO:

1. CONGEN RIO OFFICER CALLED ON CACEX IMPORT DIRECTOR MARTINS DA COSTA TO DISCUSS PROBLEM OUTLINED REFS A AND B. MARTINS DA COSTA STATED THAT CACEX PROCEDURES HAD NOT BEEN EXTENDED OR CHANGED IN ANY WAY. (FYI: SINCE MEETING CACEX HAS EXTENDED BRAZILIAN CARRIER REQUIREMENTS TO INCLUDE THOSE IMPORTS INTENDED FOR MANAUS FREE TRADE ZONE. END FYI.) HE WENT ON TO EXPLAIN THAT DROP IN PANAM'S SHARE OF SOUTHBOUND CARGO WAS PROBABLY DUE TO INCREASE IN VARIG'S CARGO CAPACITY THUS REDUCING NUMBER OF WAIVERS GRANTED TO ALLOW SHIPMENT ON OTHER FLAG CARRIERS. MARTINS DA COSTA SAID ANOTHER POSSIBLE REASON FOR PANAM'S DECLINING CARGO SHARE WAS THAT EFFECT OF RECENT IMPORT RESTRICTIONS WAS TO SHIFT IMPORTS FROM PRIVATE TO PUBLIC SECTOR AND THAT PUBLIC SECTOR IMPORTS ARE RESTRICTED TO BRAZILIAN FLAG CARRIERS BY LAW.

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2. PANAM WAS INFORMED OF CACEX RESPONSE TO CONGEN RIO'S INQUIRY. PANAM REPRESENTATIVE SAID HE WAS NOT CONVINCED AND WOULD ATTEMPT TO OBTAIN PROOF THAT GOB WAS RESTRICTING SHIPMENT OF AIR CARGO TO BRAZILIAN FLAG CARRIER IN CASES OTHER THAN THOSE REQUIRED BY LAW. HOWEVER, IT APPEARS TO US THAT PANAM'S UNDERLYING COMPLAINT IS GOB'S DEFINITION OF GOVERNMENT ENTITY (IMPORTS

FOR GOVERNMENT ENTITIES ARE LEGALLY RESTRICTED TO BRAZILIAN
FLAG CARRIERS). THE GOB BROADLY DEFINES A GOVERNMENT ENTITY
TO INCLUDE FEDERAL, STATE AND MUNICIPAL GOVERNMENT BODIES AND,
IN ADDITION, WHOLLY AND PARTIALLY GOVERNMENT-OWNED CORPORATIONS.
TODAY, IN BRAZIL, IMPORTS FOR THE "GOVERNMENT ENTITIES"
DESCRIBED ABOVE, NO DOUBT, CONSTITUTES AT LEAST HALF OF BRAZIL'S
TOTAL IMPORTS. THUS, IT IS NOT UNLIKELY, THAT CACEX WAS CORRECT
IN TELLING US THAT PANAM'S DECLINING SHARE OF SOUTHBOUND AIR
CARGO IS DUE TO INCREASED VARIG CAPACITY EVEN THOUGH THE VOLUME
OF AIR CARGO PRESUMABLY REMAINS MORE OR LESS CONSTANT. POSSIBLE
SHIFT IN IMPORTS FROM PRIVATE TO PUBLIC SECTOR MENTIONED BY
MARTINS DA COSTA WOULD ALSO EXACERBATE THE PROBLEM. THUS
PANAM'S REAL ARGUMENT IS WITH GOB'S LEGAL DEFINITION OF
GOVERNMENT ENTITY.

3. WE PLAN TO TAKE NO FURTHER ACTION UNTIL PANAM PROVIDES
PROMISED EVIDENCE.
RUSER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISCRIMINATION, AIR CARGO, AIRLINES, TRADE COMPLAINTS
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Format: TEL
From: BRASILIA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770855/aaaabtui.tel
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Litigation History:
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